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Report Highlights:

Food prices fatten inflation to 5.6 percent, *Government not to lift ban on wheat and rice futures*, *Export tax on basmati rice abolished*, *ICAR pact with IRRI to raise rice output*, *Bird Flu spreads to Sikkim*, *Big Bazaar to open 40 outlets by June*, *Agri export body to rope in private firms*.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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FOOD PRICES FATTEN INFLATION TO 5.6 PERCENT

The hardening of food prices on back of a recent truckers' strike brought a halt to the 10-week downward trend in inflation. Wholesale Price Index-based inflation increased to 5.6 percent for the week ended January 10 from 5.24 percent the previous week and 4.36 percent a year ago. Economists say this is a temporary blip and expect rate of inflation to fall to near-zero in a couple of months. (Source: Economic Times, 01/23/09)

GOVERNMENT NOT TO LIFT BAN ON WHEAT AND RICE FUTURES

The government will not lift the ban on futures trading in rice and wheat and will continue duty-free imports of palm oil, Agriculture Minister Pawar said. With forecasts for a bumper harvest of winter-sown crops [mainly wheat, rapeseed, and pulses] and prices falling, some trade officials had seen the government allowing resumption in futures trading in wheat and rice, halted two years ago amid criticism it was fanning prices. (Source: Business Standard, 01/22/09)

EXPORT TAX ON BASMATI RICE ABOLISHED

A Ministerial panel has decided to abolish the export tax on basmati rice and reduce the floor price for exports amid forecasts of a good harvest. The government had imposed an export tax of Rs. 8,000 per ton in April 2008 on basmati rice to boost domestic supplies and to check inflation. The Empowered Group of Ministers also reduced the minimum export price for basmati rice from \$1,200 per ton to \$1,100 per ton. An official notification will come later. (Source: Economic Times, 01/22/08)

Post Comment: For details see IN9011

ICAR PACT WITH IRRI TO RAISE RICE OUTPUT

The Indian Council of Agricultural Research (ICAR) signed an agreement on January 20 with the International Rice Research Institute (IRRI), Manila, for revitalizing rice production through research during the next three years. The ICAR Director General said the work plan would focus on conserving, evaluating, and enhancing genetic resources and enhancing the productivity and sustainability of intensive cereal systems; improving the productivity and livelihood for fragile environments; assessing the impact of, mitigation of, and adaptation to climate change; and strengthening linkages between research and development, including training. The IRRI Director General said the agreement will develop, promote, and accelerate rice research and training efforts between IRRI and ICAR. According to IRRI sources, the work plan includes agreements on three major projects supported by the Bill & Melinda Gates Foundation: Stress-tolerant rice for poor farmers in Africa and South Asia; the Cereal Systems Initiative for South Asia; and creating the second green revolution by supercharging photosynthesis : C4 rice. (Source: Financial Express, 01/21/09)

BIRD FLU SPREADS TO SIKKIM

Sikkim is the third Indian state to report H5N1 (bird flu) in the past two months. The Union Health Ministry has rushed a three member team from the National Institute of Communicable diseases to Sikkim to help in surveillance operations. The central rapid response team has also reached Sikkim to assist the state health authorities in containment operations. Officials in Sikkim said that they would initially cull around 15,000 chickens and ducks. India has not yet reported any case of avian influenza in the human population. (Source: The Times of India, 01/21/09)

BIG BAZAAR TO OPEN 40 OUTLETS BY JUNE

Future Group's 'Big Bazaar' has firmed up plans to open 40 new outlets across India by June this year. The company has 105 stores currently. According to the Business Manager (North Zone) of Big Bazaar, the special discounts and promotional offers, which are available at regular intervals, make its formats very unique and distinct and help in creating more buying occasions for the customers. Additionally, the economic slowdown has had a positive impact on the company as people are shifting from the high-end stores to value chains like Big Bazaar. Big Bazaar is planning to include more private brands in its portfolio and is targeting a turnover of around one billion for the year ending June 2009. (Source: The Financial Express, 01/22/09)

AGRI EXPORT BODY TO ROPE IN PRIVATE FIRMS

After getting success under the public private partnership (PPP) model in Hubli for mango processing, Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC), the state-owned enterprise engaged in the promotion of exports of agricultural and horticultural produce, has decided to replicate it for other commodities. KAPPEC has received an encouraging response from the private sector for its proposal to set up a modern cold chain facility in the state under the 'PPP' model for the creation of a cold chain facility. (Source: Business Standard, 01/20/09)

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